Treasury Board of Canada Secretariat

2008–09

Departmental Performance Report

Original signed by

The Honourable Vic Toews, P.C., Q.C., M.P.
President of the Treasury Board

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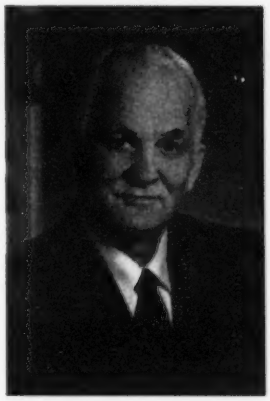
President's Message



I am pleased to present the *2008–09 Departmental Performance Report* of the Treasury Board of Canada Secretariat (the Secretariat). This report outlines actions taken to make the government more effective and aligned with the priorities of Canadians—many of whom have been affected by the global economic recession.

The Secretariat can be very proud of its achievements over the past year. It was instrumental in the implementation of Canada's Economic Action Plan—the earliest budget in Canadian history—designed to boost the economy over a 24-month period. Using a number of innovative measures, Secretariat officials put the government in a position to respond quickly and effectively to the needs of Canadian families and businesses, while continuing to ensure accountability and transparency. In just 42 days, Treasury Board ministers reviewed $20 billion in spending authorities. This meant that Canada was able to provide one of the largest and fastest stimulus packages among the G8 countries.

The Secretariat also continued to improve the stewardship of public funds through its Expenditure Management System, which includes strategic reviews of every department on a 4-year cycle. Over the past year, 21 departments and agencies representing approximately 27 per cent of total government program spending took part in the second round of reviews. The savings identified have been redirected to fund Budget 2009 priorities.

Another achievement that involved the close collaboration of several departments was the creation of the new Office of the Chief Human Resources Officer at the Secretariat. The new office combines the functions of the former Canada Public Service Agency with those of the Secretariat that deal with pensions and benefits, labour relations, and compensation. This important restructuring, which will reduce overlap and duplication, is the result of the 2008 horizontal strategic review of the six federal organizations with responsibilities for human resources management. It also follows the recommendations of the second annual report of the Prime Minister's Advisory Committee on the Public Service.

This year, we also concluded and signed 19 collective agreements and accelerated negotiations with 26 of the 27 collective bargaining tables. I am particularly proud of the work we did to update the lengthy, costly, and adversarial complaint-based pay equity regime. Through the *Public Sector Equitable Compensation Act,* we have set out a rigorous process to ensure that employers address pay equity issues in a timely way.

Through its Web of Rules Action Plan, the Secretariat continued to reduce the unnecessary and ineffective rules, requirements, and processes that constrain public service employees from delivering first class programs and services to Canadians. For example, this year we reduced the reporting burden associated with our human resources policies by 80 per cent.

These initiatives and many others are part of an ongoing commitment to management excellence in the public service of Canada. I look forward to building on these efforts with the dedicated men and women of the Secretariat.

Original signed by

The Honourable Vic Toews, P.C., Q.C., M.P.
President of the Treasury Board

Section I: Departmental Overview

Raison d'être

The Treasury Board of Canada Secretariat (the Secretariat) is the administrative arm of the Treasury Board. As such, it supports Treasury Board ministers and strengthens the way government is managed to better serve Canadians and ensure value-for-money in government spending.

Responsibilities

The Secretariat together with the Canada School of Public Service, the Office of the Commissioner of Lobbying of Canada, and the Office of the Public Sector Integrity Commissioner form the portfolio of organizations that support Treasury Board. Effective March 2, 2009, the Canada Public Service Agency (CPSA) became the Office of the Chief Human Resources Officer[1] (OCHRO) and is now housed within the Secretariat. A separate Departmental Performance Report for 2008–09 has been published for the former agency and can be found on the Secretariat's website.[2]

The Treasury Board is a Cabinet committee of ministers invested with a broad range of responsibilities for management excellence, policy development, and budget oversight. As general manager of the public service, the Treasury Board's three main roles are as follows:

- It is the government's management board, responsible for promoting the improvement of management performance, developing policies and priorities to manage government assets and resources, and overseeing the government's regulatory function;
- It is the government's budget office, responsible for examining and approving the proposed spending plans of government departments; and
- It is the employer of the core public administration, responsible for human resources management.

The Secretariat makes recommendations and supports Treasury Board in each of its roles by providing advice on policies, directives, regulations, and program spending that promote sound management of government resources. The Secretariat also provides leadership and guidance to management functions within departments,[3] while respecting the primary responsibility and accountability of deputy heads in managing their departments and their roles as accounting officers. Through the Office of the Comptroller General of Canada (OCG), the Secretariat is responsible for government-wide direction, leadership, and capacity building for financial management and internal audit. With the creation of the OCHRO, the Secretariat supports people management across the public service, including the management of labour relations, compensation, and pension and benefits policies and programs.

1. http://www.tbs-sct.gc.ca/chro-dprh/index-eng.asp
2. http://www.tbs-sct.gc.ca/dpr-rmr/2008-2009/index-eng.asp
3. Throughout this document, the word "department" refers to both departments and agencies.

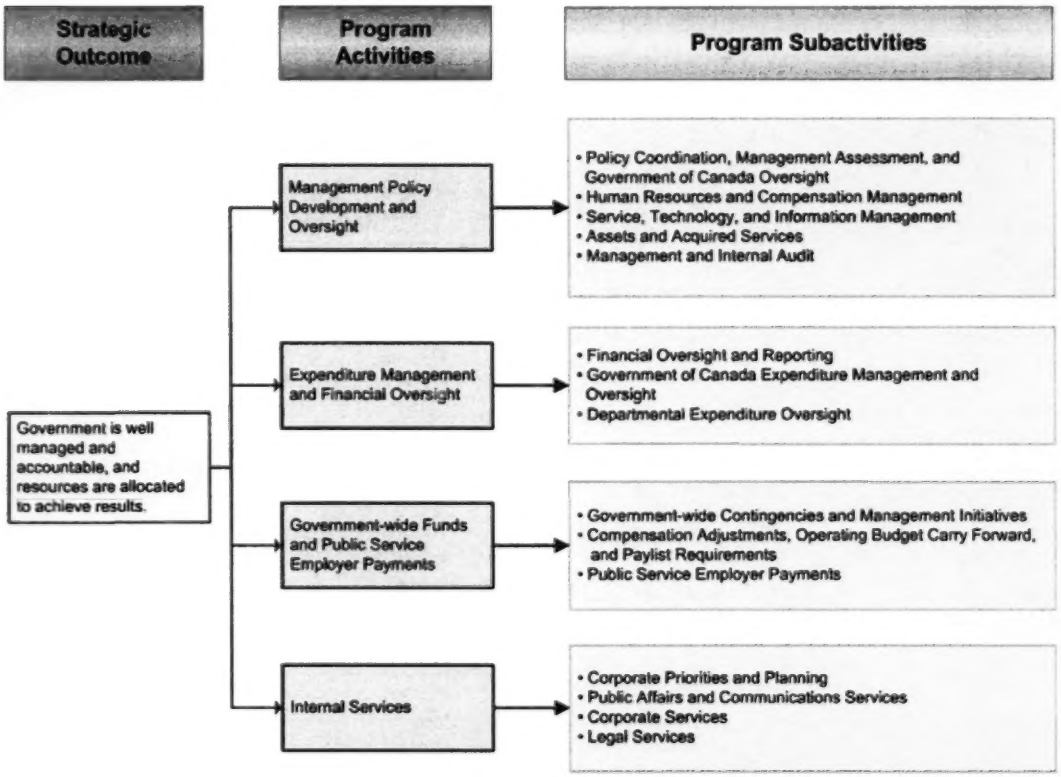
The Secretariat plays three central roles in relation to the various federal departments, agencies, and Crown corporations:

- An oversight role that includes setting policy and standards and reporting on the government's overall management and budgetary performance;
- An enabling role to help departments improve management performance; and
- A leadership role in driving and modelling public sector management.

Secretariat functions have a direct impact on the quality of federal public service management and on how efficiently and effectively government programs and services are delivered.

Strategic outcome and program activity architecture

The diagram below illustrates the strategic outcome, program activities, and program subactivities that make up the Secretariat's program activity architecture (PAA). It represents the core programs and results that contribute to achieving the Secretariat's strategic outcome.


Strategic Outcome
Program Activities
Program Subactivities
Government is well managed and accountable, and resources are allocated to achieve results.
Management Policy Development and Oversight
• Policy Coordination, Management Assessment, and Government of Canada Oversight
• Human Resources and Compensation Management
• Service, Technology, and Information Management
• Assets and Acquired Services
• Management and Internal Audit
Expenditure Management and Financial Oversight
• Financial Oversight and Reporting
• Government of Canada Expenditure Management and Oversight
• Departmental Expenditure Oversight
Government-wide Funds and Public Service Employer Payments
• Government-wide Contingencies and Management Initiatives
• Compensation Adjustments, Operating Budget Carry Forward, and Paylist Requirements
• Public Service Employer Payments
Internal Services
• Corporate Priorities and Planning
• Public Affairs and Communications Services
• Corporate Services
• Legal Services

Performance summary

The following tables provide a summary of total Secretariat resources for 2008–09.

2008–09 Financial Resources ($ thousands)

Planned Spending	Total Authorities	Actual Spending
2,050,779	2,860,854	1,959,625

The Secretariat spent approximately $1.9 billion in 2008–09. Most of the variance between planned spending, total authorities, and actual spending can be attributed to the requirement to report unallocated, central government-wide funds under Total Authorities. (For more details, refer to the Expenditure profile section.)

2008–09 Human Resources (full-time equivalent)

Planned[4]	Actual	Difference
1,455	1,512	57

Actual full-time equivalents (FTE) exceeded planned FTEs mainly because the Secretariat took on additional responsibilities in the following areas: interdepartmental computer services, pay equity litigation, and labour relations.

4. Planned and actual human resources include 195 full-time equivalents for the Corporate Services Sector.

2008–09 Performance Summary Table: Financial Data by Program Activity[5] ($ thousands)

Program Activity	2007–08 Actual Spending	2008–09				Alignment to Government of Canada Outcomes
		Main Estimates	Planned Spending	Total Authorities	Actual Spending	
1. Management Policy Development and Oversight	135,196	136,343	136,137	160,777	153,568	Government Affairs[6]
2. Expenditure Management and Financial Oversight	59,401	49,442	53,622	56,489	51,491	
3. Government-wide Funds and Public Service Employer Payments	1,662,001	4,318,161	1,861,020	2,643,588	1,754,566	
Total	**1,856,598**	**4,503,946**	**2,050,779**	**2,860,854**	**1,959,625**	

The above table provides a performance summary of three of the four program activities (PA) for 2008–09. Human and financial resources for Internal Services (PA 4) are allocated across the Secretariat's other PAs in accordance with Treasury Board reporting guidelines.

An increase of 13 per cent in spending for PA 1 is mostly due to increased spending on previously approved initiatives, such as the reconstitution of the OCG, enhancement of the Chief Information Officer Branch, and oversight of government services. Actual spending was less than total authorities because of the reduction in requirements for litigation support and delays in project funding. Although some work was delayed, the Secretariat met most of the commitments outlined in its *2008–09 Report on Plans and Priorities*[7] (RPP), and made significant strides in improving government effectiveness.

Actual spending for PA 2 decreased from 2007–08, largely due to the end of dedicated spending for the Budget Office Systems Renewal Project.

5. For program descriptions, refer to the Main Estimates at http://www.tbs-sct.gc.ca/est-pre/estime.asp.
6. http://www.tbs-sct.gc.ca/ppg-cpr/frame-cadre-eng.aspx
7. http://www.tbs-sct.gc.ca/rpp/2008-2009/inst/tbd/tbdtb-eng.asp

As the government's budget office, the Secretariat is allocated resources for government-wide funds and public service employer payments. These activities, described under PA 3, account for most of the variance in the Secretariat's spending. Increases can be mostly attributed to the increased cost of the employee benefit program. (For more details, refer to the Expenditure profile section.)

Progress on departmental priorities

The Secretariat's long-term objective is to achieve its strategic outcome. The importance of this outcome was specifically recognized in the November 19, 2008, Speech from the Throne,[8] when the Government identified "making government more effective" as one of its key priorities.

To make progress in achieving this strategic outcome, the Secretariat established three departmental priorities in its 2008–09 RPP.[9] The major accomplishments supporting these priorities are highlighted below. The Secretariat also played a significant role in expediting the implementation of Budget 2009.

Departmental priority 1: Strengthening governance, accountability, and management practices

- The Secretariat's Web of Rules Action Plan, launched in May 2008, made significant progress in reducing unnecessary and ineffective rules and reporting requirements.
- Responsibilities and accountabilities for departmental management practices were further clarified through continued implementation of the *Federal Accountability Act* (FedAA) and the Secretariat's Policy Suite Renewal Initiative.
- Use of the Management Accountability Framework (MAF) and continued reform in the administration of grants and contributions strengthened management performance across the federal government.
- The coming into force of the *Expenditure Restraint Act*, part of the *Budget Implementation Act, 2009*, resulted in significant progress in the negotiation and signing of collective agreements.

8. http://www.sft-ddt.gc.ca/eng/media.asp?id=1383
9. The Secretariat is currently developing a Performance Measurement Framework (PMF) in accordance with the Policy on Management, Resources and Results Structures (see http://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=14252&section=text#). As a result, indicators and targets were not published in its 2008–09 RPP. Specific initiatives are profiled here to illustrate progress toward achieving the strategic outcome.

Departmental priority 2: Strengthening results-based expenditure management and financial oversight

- The Secretariat responded to the extraordinary economic circumstances experienced in 2008–09 by creating a new, time-limited, central vote in the amount of $3 billion and an accelerated process to review and approve funding for new programs. This was aimed at expediting the implementation of Budget 2009 initiatives in 2009–10.
- Strategic reviews of the programs and spending of 21 departments supported a more rigorous approach to managing resources based on results. The renewal of the *Policy on Evaluation* will result in a stronger base of evidence to inform program and budget decisions.

Canada's Economic Action Plan

Budget 2009 outlined Canada's Economic Action Plan, which aimed to provide immediate economic stimulus and promote long-term growth.

The Secretariat played a leadership role in its implementation. Within 42 days, the Secretariat supported Treasury Board ministers in considering $20 billion worth of initiatives. This was achieved through an expedited, risk-based review process focussed on ensuring due diligence.

Departmental priority 3: Strengthening the internal management of the Secretariat

- The Secretariat advanced oranizational change through its Change Agenda to strengthen strategic leadership, collaboration, and risk management.
- Internal management practices were improved, particularly in priority areas such as evaluation, information technology, and information management.

Contribution of priorities to strategic outcome

In its 2008–09 RPP, the Secretariat identified specific operational priorities to support its three departmental priorities. The following are the key initiatives and results that illustrate progress toward achieving the Secretariat's strategic outcome.

1. Strengthening governance, accountability, and management practices

- Aligned with PA 1: Management Policy Development and Oversight

Operational Priority	Type	Status
1a) Responsibilities and accountabilities are clarified in relation to departmental management practices and expectations.	Ongoing	Mostly met

Continued implementation of the *Federal Accountability Act*

The FedAA received Royal Assent in December 2006. Since then, the Secretariat has been responsible for implementing certain portions of the FedAA and its accompanying Action Plan. It has also played a coordinating role in overall implementation of the Act, providing departmental briefings to increase understanding of the Act and its implications and updating the FedAA website[10] for parliamentarians and members of the public to access news and information. As of July 2, 2008, all portions of the Act are in force.

The adoption of amendments to the *Lobbying Act* and its supporting regulations and the publication of guidance for public office holders were the main achievements in 2008–09. The Office of the Commissioner of Lobbying of Canada was subsequently created to administer the new legislation.

What is the impact? The FedAA has strengthened the Government of Canada's accountability and increased its transparency to Canadians and parliamentarians. Continued implementation of the FedAA supports the government's Management Agenda, which includes streamlining rules and reporting, improving administrative processes, and encouraging innovation and risk-based management.

Untangling the Web of Rules

Unburdening public service employees from complex rules, reporting requirements, and administrative process—the so-called "web of rules"—is critical to delivering better services to Canadians (Speech from the Throne, November 2008). The Web of Rules Action Plan includes over 60 coordinated measures undertaken by different departments to improve how business is done in order to make government more efficient and effective. The Prime Minister's Advisory Committee on the Public Service endorsed the Action Plan in its third report, Achieving Results: Accountability and Action[11] (February 2009). Achievements include reducing the reporting requirements associated with Treasury Board policies by 25 per cent.

Effects of the Web of Rules include:

- A front-line manager waiting over 23 weeks to staff a position
- Recipients of grants and contributions facing overhead costs of 30 per cent to comply with rules and reporting
- 40-year old technology for payroll administration

10. http://www.faa-lfi.gc.ca/index-eng.asp
11. http://www.pco-bcp.gc.ca/index.asp?lang=eng&Page=information&Sub=publications&Doc=ar-ra/16-2009/3rd-3eme/index-eng.htm

What is the impact? The Secretariat has established clear goals and expectations to ensure that rules are in proportion to the associated risk, to streamline reporting, and to improve administrative processes. Ongoing implementation will further improve management performance and deliver value, while minimizing inefficiency, protecting against major risks, and preserving accountability.

Operational Priority	Type	Status
1b) Management performance is strengthened across government.	Ongoing	Mostly met

Management Accountability Framework[12]

MAF Five-year Review

A review of this management assessment tool was completed. Results will support improvements to MAF, such as the implementation of a risk-based approach to departmental assessments.

The Secretariat's integrated instrument for assessing management performance continues to evolve in response to the varying contexts of the 52 departments and agencies assessed. The 2008–09 MAF process introduced a risk-based approach in the area of human resources management. Additional outreach activities were carried out to engage departments: an extended launch was held to clarify the MAF methodology and a conference on leading practices provided an opportunity for departments to share best practices and discuss lessons learned. Improved guidance from the Secretariat contributed to a 50-per-cent reduction in the reporting burden experienced by departments.

What is the impact? Streamlining and improving the MAF process reduced the reporting burden. MAF continues to support departments in their pursuit of management excellence.

Reform of the administration of grant and contribution programs

In May 2008, the President of the Treasury Board introduced the *Government of Canada Action Plan to Reform the Administration of Grant and Contribution Programs* [13] in response to the recommendations of an Independent Blue Ribbon Panel. As part of the Plan, a new *Policy on Transfer Payments* came into effect on October 1, 2008. A Centre of Expertise on Grant and Contribution Programs was established to guide the reform of management practices and provide leadership and support to departments. The Centre has focussed on working with six departments responsible for over 50 per cent of government grant and contribution funding. Efforts by the Centre include helping these departments implement their individual grant and contribution

12. http://www.tbs-sct.gc.ca/maf-crg/index-eng.asp
13. http://www.tbs-sct.gc.ca/gcr-esc/docs/2008/ragcp-rapsc-eng.asp

action plans, hosting 26 information workshops across Canada, and creating a tool for sharing best practices.

What is the impact? Leadership and support was provided for the development and implementation of departmental action plans, resulting in a 10-per-cent reduction in the administrative burden of selected programs. This fulfilled the Government of Canada's commitment to simplify administration, while strengthening accountability in the management of grants and contributions.

2. Strengthening results-based expenditure management and financial oversight

- Aligned with PA 2: Expenditure Management and Financial Oversight

Operational Priority	Type	Status
2a) Results-based management is strengthened, and information on programs and spending is improved to support decision making on resource allocation.	Ongoing	Met all

Strategic review

Strategic reviews are assessments of all direct program spending to ensure management excellence and value-for-money. The four-year review cycle helps departments identify opportunities to redirect funding to higher priorities and better performing programs—those that best meet the needs of Canadians, align with federal responsibilities, and are sustainable over the long-term.

The lessons learned from the 2007 round of reviews, outlined in the *2007–08 Departmental Performance Report* (DPR), were incorporated into the planning and execution of the second round. In 2008, 21 departments and agencies successfully completed strategic reviews of their programs and spending and reported the results to Cabinet. Reallocations identified in the 2008 round were $349 million in 2009–10, $449 million in 2010–11, and $586 million in 2011–12, as announced in Budget 2009. This brings the total amount of direct program spending reviewed in the first two years of strategic reviews to 42 per cent.

What is the impact? Savings identified through the strategic review process were reallocated to higher priorities and more effective programs, supporting a more rigorous results-based approach to managing funds.

Improving Human Resources Management

In 2008, the Secretariat led the first horizontal strategic review. It focussed on the central human resources (HR) management function and involved six organizations with responsibilities for HR management. The review resulted in the Canada Public Service Agency joining existing functions at the Secretariat to become the Office of the Chief Human Resources Officer (OCHRO), housed within the Secretariat.

The creation of OCHRO will help streamline HR functions so that investments in HR management are effective and efficient. It will also provide deputy heads with the flexibility they need to better attract and manage employees. This is consistent with the findings of the Prime Minister's Advisory Committee on the Public Service, which recommended in its second annual report that deputy heads should have primary responsibility for HR, supported by a smaller central agency focussed on functions requiring enterprise-wide approaches and policies.

Renewal of the *Policy on Evaluation*

The renewed *Policy on Evaluation* came into effect on April 1, 2009. Its implementation will improve the quality of evaluation results by establishing a standard for evaluations. This includes, for example, providing direction on how to assess value-for-money. A supporting directive and standard were also created. Tools to improve evaluation competencies and capacity across government are under development and will be distributed throughout 2009–10.

What is the impact? The policy will create a comprehensive and reliable evidence base to inform policy and program improvements, expenditure management, Cabinet decision making, and public reporting.

Operational Priority	Type	Status
2b) The government's Expenditure Management System and reporting on financial performance are improved.	Ongoing	Met all

Enhanced Expenditure Management System and improvements to the Estimates process

The Expenditure Management System (EMS) is the framework for developing and implementing the government spending plans that support its priorities. The government receives parliamentary authority to spend public funds through the Estimates and supply process. The Secretariat manages this process by preparing the Main and Supplementary Estimates for tabling in the House of Commons.

The Secretariat continued to enhance the EMS through several initiatives described in this report including strategic reviews, the *Policy on Management, Resources and Results Structures*, the *Policy on Evaluation,* and parliamentary reporting.

For the first time in a decade, the initial Supplementary Estimates were approved by parliamentarians in June rather than in December. Additionally, in response to the economic downturn, a new, time-limited central vote (Treasury Board Vote 35 [14]) in the amount of $3 billion was created to facilitate timely implementation of Budget 2009 initiatives in 2009–10.

The Main Estimates and three Supplementary Estimates were presented to Parliament in support of four appropriation acts totalling $83 billion in voted, budgetary requirements.

Improvements in the functionality and usability of the Expenditure Management Information System (EMIS) continued to be made. These included the first execution of the Annual Reference Level Update system, approvals of major changes to departmental PAAs, and implementation of data-gathering features to support strategic reviews.

What is the impact? Presenting Supplementary Estimates to the House of Commons earlier in the year resulted in a better alignment of the Estimates to Budget 2008 and gave departments the opportunity to begin providing programs and services as early as possible in the fiscal year. The creation of Vote 35 allowed departments to begin implementing approved Budget 2009 items as of April 1, 2009, rather than waiting for approval of full supply in June. Improvements to the EMS strengthened results-based management and financial oversight.

3. Strengthening the internal management of the Secretariat

- Aligned with PA 4: Internal Services

Operational Priorities	Type	Status
3a) Corporate-enabling strategies are developed and implemented consistent with a more strategic and focussed Secretariat role.	Ongoing	Mostly met
3b) Internal management practices continue to be improved in response to the Secretariat's MAF assessment.	Ongoing	Mostly met

The Secretariat's internal management priorities for 2008–09 and performance on those priorities are discussed in Section II.

14. http://www.fin.gc.ca/pub/report-rapport/2009-2/capa1-eng.asp

Operating environment and risk analysis

The global operating environment is becoming increasingly complex, and the Secretariat must demonstrate flexibility and adaptability.

In 2008–09, the Secretariat played a key role in supporting the implementation of the stimulus initiatives announced in Budget 2009 to respond to the economic downturn.[15] These initiatives are timely, targeted, and temporary and require accelerated review and approval of billions of dollars over the next two years. The Secretariat applied new procedures to expedite approvals while maintaining due diligence. These include the creation of a fixed-term central vote (Treasury Board Vote 35) and a more flexible approach for Treasury Board submissions. The Secretariat also introduced a robust monitoring and reporting framework to ensure that parliamentarians and Canadians are kept informed about the implementation of Canada's Economic Action Plan.

As well as urgent needs, the Secretariat faces ongoing challenges and is working hard to address them in line with the Clerk of the Privy Council's Public Service Renewal priorities.[16] Significant progress has been made on the planned mitigation strategies to alleviate skills shortages and high employee turnover and adjust to changing demographics.

During the 2008–09 fiscal year, the size of the Secretariat increased significantly. This resulted from the transfer of shared services from the Department of Finance Canada and by the addition of the former CPSA to establish the OCHRO.

The changes to the Secretariat's corporate structure and employee base required attention to ensure a smooth transition. Any organizational change poses short-term challenges. However, these adjustments in human resources and corporate services are expected to result in long-term enhancements for the central HR function and internal services delivery.

The following table presents the key risks and challenges identified in the Secretariat's 2008–09 RPP and the respective mitigation measures that were implemented.

15. http://www.budget.gc.ca/2009/plan/bptoc-eng.asp
16. http://www.tbs-sct.gc.ca/dev/apla-eng.asp

Key risks and challenges	Mitigation measures	Link to program activity
Stakeholder acceptance: The Secretariat is concerned that, in the context of increased parliamentary expectations and decreased public risk tolerance, the ability of departments and agencies to meet management expectations may be compromised, particularly in light of government-wide skill shortages in key functional communities.	• Ongoing implementation of the FedAA and clarification of deputy head accountabilities. • Reduction by 10 per cent of the administrative burden in select grant and contribution programs in six departments. • Centre of Expertise on Grant and Contribution Programs established; new *Policy on Transfer Payments* came into effect.	Management Policy Development and Oversight
Compliance: The Secretariat is concerned that consequences for policy non-compliance may not be proportional to the public policy implications and, further, that innovation and risk taking within the public service may consequently be undermined.	• Development of a framework for managing risk that fosters a culture of smart risk taking to achieve objectives; approval and implementation of the framework are expected in 2009–10. • Development and approval of the Framework for the Management of Compliance; roll-out anticipated for 2009–10.	Management Policy Development and Oversight Expenditure Management and Financial Oversight
Human resources: The Secretariat is concerned that, given recent demographic changes, competition for talent, and skill shortages in key areas, it is increasingly difficult to maintain sufficient HR capacity to meet operational requirements and achieve the Secretariat's strategic outcome. This risk is compounded by public service branding issues, rapid employee turnover at the Secretariat, new HR expectations under the *Public Service Modernization Act*, and the high cost of training and retraining employees.	• Implementation of the HR Strategy 2008–11. • Senior management committees reviewed study results on employee turnover, which will lead to development of an action plan for 2009–10. • Improved integrated business and HR planning is underway, including the development of risk-based HR policies. • Ongoing enhancement of post-secondary recruitment and development programs.	Internal Services

In 2008–09, the Secretariat completed a Corporate Risk Profile (CRP) for 2009–10. The process, adapted and improved from lessons learned the previous year, included among other things a robust consultation and communications strategy. The MAF assessment commended the Secretariat on its effort to improve the integration of risk management into its day-to-day business.

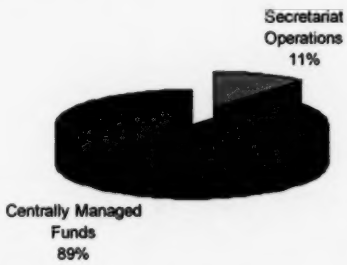
Expenditure profile

The Secretariat spent a total of $1.96 billion toward achieving its strategic outcome, an increase in actual spending of $103 million from 2007–08.

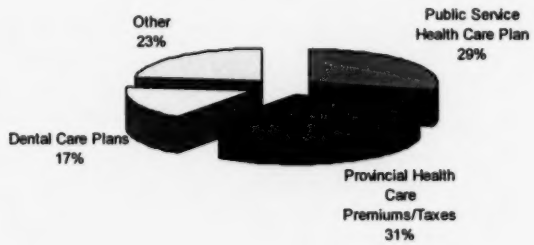
Of the total, 11 per cent represents expenditures for the Secretariat's operations. The remainder relates to funds for public service employer payments that the Secretariat manages centrally on the government's behalf.

Most of the increase in spending over the last year is for public service insurance ($93 million), which falls under PA 3. The increase can largely be attributed to a growth in the number of employees in the public service and the increased costs of health care insurance plans.

2008–09 Actual Spending



2008–09 Public Service Insurance



The following table identifies the parliamentary appropriations by vote that constitute the Secretariat's funding.

Voted and Statutory Items ($ thousands)

Vote # or Statutory Item (S)	Truncated Vote or Statutory Wording	2006–07 Actual Spending	2007–08 Actual Spending	2008–09 Main Estimates	2008–09 Total Authorities	2008–09 Actual Spending
1	Program expenditures [1]	156,963	176,482	165,237	196,338	184,209
2	Grants and contributions [2]	34,700	322	0	0	0
5	Government contingencies [3]	0	0	750,000	651,565	0
10	Government-wide initiatives [3]	0	0	7,141	7,141	0
15	Compensation adjustments [3]	0	0	0	0	0
20	Public service insurance [4]	1,525,831	1,652,784	1,861,000	1,862,944	1,745,993
25	Operating budget carry forward [3]		0	1,200,000	113,426	0
30	Paylist requirements [3]		0	500,000	0	0
(S)	Contributions to employee benefit plans	14,689	17,632	20,472	20,835	20,835
(S)	President of the Treasury Board—Salary and motor car allowance	73	74	76	76	76
(S)	Payments under the *Public Service Pension Adjustment Act*	15	4	20	3	3
(S)	Payments for the pay equity settlement pursuant to section 30 of the *Crown Liability and Proceedings Act* [5]	1,584	197	0	-972	-972
(S)	Unallocated employer contributions made under the *Public Service Superannuation Act* and other retirement acts and the *Employment Insurance Act*	10,557	9,098	0	9,481	9,481

(S)	Spending of proceeds from the disposal of surplus Crown assets	0	0	0	16	0
(S)	Court awards	0	5	0	0	0
Total		**1,744,412**	**1,856,598**	**4,503,946**	**2,860,853**	**1,959,625**

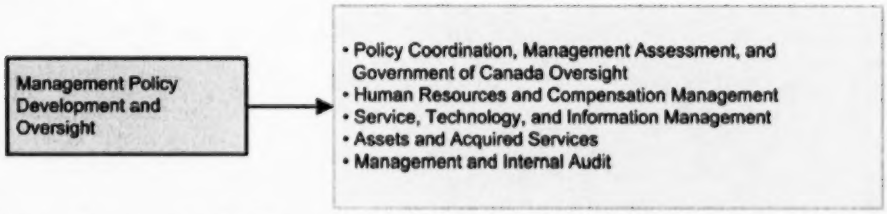
1. The Secretariat's program expenditures, including employee benefits programs, are rising by 5.6 per cent due to increased personnel costs that result from collective agreement increases, new program funding, and increased staffing of vacant positions for previously approved initiatives. The $12 million lapse in Vote 1 is attributable to funding that was required to lapse regarding an internal audit project that was not implemented and a reduction in public opinion research expenditures; litigation funding that was not required; delays in the ramping up of new projects, and slippage in anticipated contract activity.
2. Elimination in 2008–09 of Vote 2, Grants and contributions. The Toronto Waterfront Revitalization Initiative has been transferred to Environment Canada in accordance with changes in the machinery of government announced on January 4, 2007. Consequently, Vote 2 has been eliminated. There is no longer a requirement for the Secretariat to hold a distinct vote for grants and contributions, given that its planned contributions are less than $5 million (i.e., planned contributions are $200,000).
3. Central votes are transferred to departments and agencies to provide for miscellaneous, urgent, or unforeseen expenditures, implementation of government-wide initiatives, operating budget carry forward, and coverage of paylist shortfalls. These funds have been approved in the Main Estimates. They are not spent within the Secretariat but are transferred to other government departments, if required; if there is no requirement, these funds lapse.
4. The largest part of actual expenditures (about 90 per cent) is in Vote 20, Public service insurance. The increases are related to government-wide growth in the wage envelope as well as to increases in medical costs. This vote covers payment of the employer's contribution to pension and insurance plans, unemployment insurance, and other related expenses.
5. Miscellaneous special payments to facilitate retroactive pay equity settlements. The negative amount represents the refund of a payment from the previous year that was not required.

The Secretariat's spending has increased from the 2007–08 fiscal year mainly because of the following: the increased cost of government-wide public service insurance programs; increased costs at the Secretariat due to collective agreements; and a growth in human resources to support new and existing programs within the Secretariat.

Section II: Performance Analysis by Program Activity

Results under the Secretariat's strategic outcome—government is well managed and accountable, and resources are allocated to achieve results—strengthen the effectiveness and efficiency of the federal government machinery, support Parliament and Cabinet decisions, and ensure that Canadians are well served by a government that is accountable and transparent. The strategic outcome rests on four distinct program activities. Each of these focusses on creating a well-managed and accountable public service that achieves results for Canadians by allocating resources appropriately. The following section highlights the Secretariat's ongoing work under each program activity and its performance in 2008–09.

Program Activity 1: Management Policy Development and Oversight


Management Policy Development and Oversight
• Policy Coordination, Management Assessment, and Government of Canada Oversight
• Human Resources and Compensation Management
• Service, Technology, and Information Management
• Assets and Acquired Services
• Management and Internal Audit

The Secretariat supports the Treasury Board in its role as management board. This includes promoting the improvement of management performance and developing policies to ensure prudent and effective management of government assets—its human, financial, information, and technology resources.

Program Activity 1: Management Policy Development and Oversight					
2008–09 Financial Resources ($ thousands)			**2008–09 Human Resources (FTEs)**		
Planned Spending	**Total Authorities**	**Actual Spending**	**Planned**	**Actual**	**Difference**
136,137	160,777	153,568	1,062	1,119	57

The increase of approximately $24.6 million between planned spending and total authorities can be attributed to funding provided for collective agreements, funding carried forward from previous years, and the approval of new initiatives. Actual spending was below total authorities due to the reduction in requirements for litigation support and delays in project funding.

The following table provides evidence against the expected results and key performance indicators for PA 1, as set out in the 2008–09 RPP.

Expected Results	Key Performance Indicators	Lines of Evidence
Expectations are established to improve public service management.	• Evolution of MAF ratings and assessments of government departments over time. • Benchmarking for public service compensation.	• Government performance in 13 out of 21 assessed areas of management steadily improved over the last two years (i.e., in the management of values and ethics, risk, change, finance, projects, evaluations, governance, internal audit, performance framework, performance reporting, information, security, and business continuity). • In 2008–09, improvements were also observed in two additional areas of management: the quality of the workplace and the provision of citizen-focussed services.
Functional communities are provided with the appropriate knowledge and tools to comply with Treasury Board policies.	• Recruitment levels are measured against targets. • The level of capacity in key management areas and functional communities are assessed. • Appropriate tools are developed and used, and appropriate training is provided.	• The Secretariat led initiatives for central government-wide community development and capacity building to improve recruitment in key functional communities. For example, the OCG manages the FORD/IARD program to provide top recruits in finance and internal audit to federal organizations. • Feedback and advice were provided to departments on 250 regulatory submissions for Cabinet consideration. • Improvements were made to the risk management framework for regulatory submissions. • Guidance documents on performance measurement and evaluation were issued. • The Canada School of Public Service (CSPS) created two courses (Developing Effective Regulatory Impact Analysis Statements and Your Liability as a Regulator) to help the regulatory community develop the knowledge and skills needed for regulatory submissions. • Bimonthly meetings were held with heads of Labour Relations and Occupational Health and Safety to give policy updates and share jurisprudence trends.

Treasury Board policies and Secretariat advice are clear, relevant, and well communicated from the standpoint of departments and agencies.	• The quality of advice provided to departments and agencies. • Policy implementation that is sequenced and phased in relation to departmental capacity. • The extent to which Treasury Board policies achieve expected results.	• The Secretariat has continued to observe due diligence throughout the policy development and renewal process. • As policies were renewed, the Secretariat continued to consult with and advise departments on key implementation issues. • The Secretariat met with several departments to provide advice and share lessons learned on reducing the web of rules. • Implementation plans for policies renewed in 2008–09 took into account timing, sequencing, and capacity issues to alleviate the burden on departments. The Secretariat took stock of emerging implementation issues and made the necessary adjustments, based on lessons learned, to ensure complete and smooth implementation (e.g., Policy on Investment Planning - Assets and Acquired Services, Policy on the Management of Projects, Policy on Internal Audit, and Policy on Evaluation). • In planning the implementation of various policies, the Secretariat took into consideration departmental capacity, especially of small departments and agencies, and adjusted policy instruments accordingly. • All renewed policies have clearly stated objectives and expected results. The majority of policies renewed to date are in the initial stages of implementation, so it is too early to report on and measure success. However, logic models have been developed for several policies that are in the second and third year of implementation. • A 5-year review is planned for all renewed polices.

Performance analysis

This section outlines progress against PA 1 commitments made in the 2008–09 RPP in the following areas: policy suite renewal, regulatory management, financial management, internal audit and labour relations. In addition to the initiatives described below, performance information on approaches for advancing risk-based management and for oversight of IT-enabled projects and IT security is included online in the Appendix.

Policy Suite Renewal Initiative [17]

Under the *Federal Accountability Action Plan*, the Government of Canada committed to reduce the number of Treasury Board policies by 50 per cent. However, the Secretariat plans to exceed this goal by rescinding 136 of 180 policies (with only 44 policies remaining). Out of 136 policies to be rescinded, 80 have been repealed to date, including the elimination of over 30 financial management policies.

What is the impact? Roles and responsibilities of key players (deputy heads, senior officials, and other functional specialists) are more focussed and clear. The right tools are in place to support a government-wide management regime that is risk-sensitive, based on principles, and focussed on results.

Lessons Learned: Policy Implementation Planning and Execution

As part of its Change Agenda, the Secretariat reviewed its approach to planning policy implementation and executing government-wide initiatives. The resulting lessons learned are as follows:

- Improve communication with departments by providing context for new policies and initiatives, highlighting benefits, and fostering communities of practice;
- Establish tailored implementation plans to reflect departmental circumstances (e.g., size and capacity) and provide training and implementation tools;
- Promote support for new initiatives and policies by developing interdepartmental networks of expertise to communicate successes;
- Provide incentives for compliance to build awareness and commitment; and
- Further develop internal expertise through recruitment and targeted training.

By incorporating lessons learned, the Secretariat will improve implementation of new policies and increase their acceptance within departments. The end result is more effective management.

Strengthened regulatory management

The Secretariat continued to work with departments and agencies in implementing the *Cabinet Directive on Streamlining Regulation* (CDSR). To facilitate compliance with the CDSR, the Centre of Regulatory Expertise (CORE)[18] provided expert advice and assistance on approximately 40 of the estimated 250 regulatory submissions that were reviewed by the Secretariat prior to becoming law. The process was streamlined by reducing the paperwork

17. http://www.tbs-sct.gc.ca/prp-pep/psri-irp-eng.asp
18. http://www.regulation.gc.ca/documents/core-ccr-eng.asp

required. Guidance was improved through the Regulation website, documents, tools, templates, and new training courses offered by the Canada School of Public Service.

What is the impact? The improved analysis of regulatory proposals resulted in more efficient management of the regulatory system.

Financial management and internal audit practices

The OCG led the revision and streamlining of the core financial management policies as part of the Policy Suite Renewal Initiative. These included the *Policy on Financial Management Governance*, the *Policy on Internal Control*, and the new *Policy on Transfer Payments*.

Implementation of the *Policy on Internal Audit* resulted in the appointment of 42 members to 14 new external advisory Department and Agency Audit Committees (DAAC) in 2008–09, bringing the total number of DAACs to 41, as of April 1, 2009. DAACs provide deputy heads with an independent review of their department's spending control and accountability processes. Deputy heads can use this information to reduce risks and improve departmental performance.

Targeted professional development and recruitment initiatives developed capacity and capabilities for internal audit and financial management communities. The OCG provided timely and strategic advice to chief financial officers and chief audit executives on Budget 2009.

What is the impact? The new and revised policy instruments have clarified roles, responsibilities, and expectations for financial management and internal audit practices across government. Renewal of these policies is strengthening auditing and accountability in accordance with the FedAA.

Support and leadership to departments and agencies on labour relations

The *Expenditure Restraint Act*, part of the *Budget Implementation Act, 2009,* resulted in the acceleration of the negotiation process for 26 of 27 collective bargaining tables and the signing of 19 collective agreements[19] in 2008–09. The *Public Sector Equitable Compensation Act* (PSECA) was also included in the Budget Implementation Act. PSECA will come into force in 2011 and will ensure that equitable compensation (equal pay for equal work) is a joint responsibility of the employer and the unions. The *Policy on Terms and Conditions of Employment* was approved, and training was provided to departments and agencies.

What is the impact? By providing advice and guidance to departments, the Secretariat ensured responsible management of compensation for public sector employees (for a determined period),

19. http://www.tbs-sct.gc.ca/pubs_pol/hrpubs/coll_agre/siglist-eng.asp

and strike action was averted. These activities are part of the Secretariat's support to Treasury Board as employer of the core public administration and contribute to effective and efficient government administration.

Framework for the Management of Compliance

The Framework was developed to clarify roles and responsibilities for managing compliance with government policies. This includes providing advice on how to respond appropriately and consistently to instances of non-compliance. The Framework provides clear, risk-based principles and ensures that support and training are in place. Implementation will start in 2009–10, slightly later than the original commitment.

What is the impact? The Framework for the Management of Compliance is important for strengthening government-wide compliance with legislation and policies, which improves the quality of federal public service management.

Summary

The Secretariat delivered on most of its initiatives under PA 1 in 2008–09, resulting in the progress described in the above performance analysis and in Section I. However, although the Framework for the Management of Compliance has been developed, its implementation will commence in 2009–10, slightly later than the original commitment.

Overall progress in PA 1 is consistent with the policy direction on public service management taken by most other Organisation for Economic Co-operation and Development (OECD) countries. Moreover, MAF (described in Section I) has been recognized by international partners as a best practice in assessing public sector management performance.[20]

Benefits for Canadians

The Secretariat worked with other departments to reduce administrative delays, promote risk management, and enhance transparency—all of which improve the capacity of the public service to meet Canadians' expectations. As a result of reforms to the administration of grants and contributions, recipient groups are able to focus more resources on delivering the programs and services that Canadians need. Similarly, efforts to reduce the reporting burden and streamline policies and regulation increase the efficiency of government operations. The Secretariat has improved the government's management of public funds by clarifying accountability and management expectations and by strengthening financial and audit capacity across government. As a result, the Secretariat has improved government's overall management performance.

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20. *Public Sector Integrity: A Framework for Assessment,* OECD, 2005.

Program Activity 2: Expenditure Management and Financial Oversight

Expenditure Management and Financial Oversight
• Financial Oversight and Reporting
• Government of Canada Expenditure Management and Oversight
• Departmental Expenditure Oversight

The Secretariat provides support to the Treasury Board in its role as the government's budget office. This includes providing advice and recommendations to Treasury Board on the allocation of resources so that they are aligned with the government's priorities and responsibilities, thereby ensuring that federal programs are effective and efficient and provide value-for-money.

Program Activity 2: Expenditure Management and Financial Oversight					
2008–09 Financial Resources ($ thousands)			**2008–09 Human Resources (FTEs)**		
Planned Spending	**Total Authorities**	**Actual Spending**	**Planned**	**Actual**	**Difference**
53,622	56,489	51,491	393	393	–

In 2008–09, actual spending was less than total authorities partly because of reduced spending requirements to conclude the Budget Office Systems Renewal Project. This project began the redesign of the Expenditure Management Information System to manage Budget Office processes more effectively and efficiently. Delays in staffing and project funding approval also had an impact on actual spending.

The following table provides evidence against the expected results and key performance indicators for PA 2, as set out in the 2008–09 RPP.

Expected Results	Key Performance Indicators	Lines of Evidence
Resources are allocated to achieve results.	• 100 per cent of direct program spending is reviewed over four years, and a percentage of funds are reallocated from low priorities to high-performing priorities.	• Approximately 27 per cent of direct program spending was reviewed in the 2008 round of strategic reviews, bringing the total percentage reviewed over the first two years to 42 per cent. • Reallocations (or savings) were redirected to fund new initiatives, both within the reviewed departments and for broader spending priorities.

Results-based information increasingly informs expenditure management decisions.	• The extent to which departmental management, resources, and results structures are implemented. • There is improvement in the overall quality and use of evaluation findings.	• Step 2 of the Management, Resources and Results Structure (MRRS) road map—identification and definition of departmental Performance Measurement Frameworks (PMF) to support their existing PAAs—was completed during 2008–09 with approximately 90 federal organizations submitting the necessary documents. • To a large extent, the structures necessary for managing and reporting financial and non-financial data under MRRS are now in place.
Reporting to Parliament on government spending is accurate; financial performance and stewardship are complete and timely.	• The assessment of the quality of financial and non-financial information as measured by MAF expectations regarding the quality of reporting to Parliament and the effectiveness of financial management and control. • The extent to which the methodology, form, and content for preparing financial and non-financial information are consistent. • Estimates information is used to inform parliamentary committees, and parliamentary approval of appropriation bills is supported by relevant information.	• Trend analysis for Area of Management (AoM) 7, "Quality Performance Reporting," reveals an overall improvement in the quality of RPPs and DPRs tabled in Parliament over the last three years. Prior to Round VI of MAF, no departments had been assessed as "Strong" for this AoM. However, in the most recent round of MAF, 10 departments achieved this rating. The areas of financial management and control demonstrated steady, year-over-year improvements. • Main Estimates and Supplementary Estimates were tabled in accordance with the parliamentary calendar. • Committees reviewed the Estimates, as demonstrated by departmental appearances before committees to explain requirements set out in the Estimates. • Parliamentary approval of appropriation acts.

Performance analysis

This section discusses performance against PA 2 commitments made in the 2008–09 RPP for the monitoring and analysis of government financial and performance information. Achievements made under PA 2 demonstrate sound oversight of government expenditures and strengthen results-based management. Information on implementation of the Policy on Management, Resources and Results Structures can be found online in the Appendix.

Monitoring and analysis of government financial and performance information

The Secretariat has worked to ensure that government financial reporting is reliable, detailed, and available for timely review by parliamentarians and Canadians. Processes and methodologies for forecasting financial lapses were improved, and research was undertaken to examine why lapses occur within departments. Additionally, greater detail on horizontal programs and spending information was provided through the whole-of-government framework and included in Part 1 of the 2009–10 Main Estimates. As a result of these improvements, the government received a clean audit opinion in *2008 Public Accounts of Canada,* which marks the tenth straight year it has received such an opinion.

The three-year plan to improve reporting to Parliament ended in 2008–09. The plan involved all departments adopting a concise reporting format for the 2009–10 RPPs and the 2008–09 DPRs, following a successful pilot in 2007–08. Guidance was issued to support departments with the transition. Furthermore, a pilot project for the 2009–10 RPP was completed, which involved 10 departments reporting accrual-based, future-oriented financial statements.[21]

The new *Policy on Internal Control* came into effect on April 1, 2009. This policy clarifies the roles and responsibilities of deputy heads, chief financial officers, and the OCG regarding internal controls over financial management, financial reporting, and departmental accounts. The policy requires departments to conduct annual risk-based assessments of their system of internal control over financial reporting and to establish an annual action plan to address any adjustments required. Deputy heads and chief financial officers will be required to sign an enhanced Statement of Management Responsibilities to acknowledge these responsibilities.

The Comptroller General of Canada provides government-wide leadership and functional direction for the system of internal control over financial management (including financial reporting), monitors government-wide compliance with financial management policies, and reports periodically to the Treasury Board on the state of financial management, control, and reporting across government.

What is the impact? The principles-based *Policy on Internal Control* embraces a risk-based approach, strengthens the quality of internal controls, improves financial reporting, and brings Canada in line with other leading jurisdictions. The Secretariat's attention to financial reporting has increased government transparency and accountability and improved the stewardship of public funds.

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21. http://www.tbs-sct.gc.ca/media/nr-cp/2009/0326-eng.asp#b1

Lessons Learned: ***Policy on Management, Resources and Results Structures***

In 2008–09, the first stage of the five-step implementation plan for the *Policy on Management, Resources and Results Structures* was completed—the development of PAAs and PMFs for approximately 90 federal organizations. The Secretariat has been successful in integrating MRRS information into existing processes, including DPRs, RPPs, Treasury Board submission reviews, and strategic reviews. This resulted in improved insight into departmental program inventories and performance expectations.

The strategic review exercise underscored the value of high-quality MRRS information for use in the many expenditure management processes. Notable challenges included delays in the development of common information systems to capture and store departmental performance information and the reorientation of government culture to focus on performance measurement.

The Secretariat will explore alternative ways of capturing performance information and renew outreach and education to departments. Strengthening performance measurement is essential to ensuring that decisions regarding the allocation of resources are based on high-quality performance information.

Summary

First announced in Budget 2007, the renewal of the Expenditure Management System has continued to be a driving force in the Secretariat's expenditure management and financial oversight activities. In 2008–09, there were unanticipated external governance challenges and internal machinery changes that called for the Secretariat's immediate attention. Yet, the Secretariat continued to make progress on initiatives under PA 2.

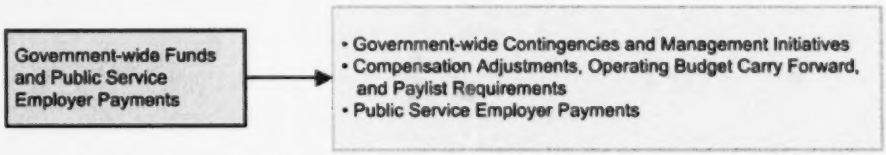
The result of these efforts is an Expenditure Management System that supports programs focussed on results, provides value for taxpayers' money, and is aligned with government priorities and responsibilities. For example, the second round of strategic reviews benefitted from the implementation of the *Policy on Management, Resources and Results Structures*, which has better equipped departments with the necessary framework and tools to complete comprehensive expenditure reviews. The body of evidence that the government needs for informed decision making in expenditure management will be further enhanced with the renewal of the *Policy on Evaluation*.

Benefits for Canadians

The Expenditure Management System, built on the three pillars of managing for results, upfront discipline, and ongoing strategic reviews, ensures that the Secretariat is well equipped to perform the role of managing and overseeing the government's expenditures. With the Secretariat's focus on management excellence and value-for-money, Canadians can expect high-performing programs and services as well as effective and efficient use of their tax dollars.

During a time of global economic uncertainty, the government tabled the earliest budget in its history, in January 2009. This was needed to stimulate the economy and allow government funds to flow as quickly as possible. The Secretariat played an important role in expediting the implementation of Canada's Economic Action Plan, responding to the need to accelerate funding approvals while continuing to provide accountable and effective stewardship of tax dollars.

Program Activity 3: Government-wide Funds and Public Service Employer Payments


Government-wide Funds and Public Service Employer Payments
• Government-wide Contingencies and Management Initiatives
• Compensation Adjustments, Operating Budget Carry Forward, and Paylist Requirements
• Public Service Employer Payments

The Secretariat has responsibility for managing access to the central funds. Funds are held centrally to supplement other appropriations, and payments and receipts are made on behalf of other federal government departments and agencies in an administratively sound and efficient manner. The expected result is that these funds are administered in accordance with applicable legislation, Treasury Board policies, and Treasury Board standards.

Program Activity 3: Government-wide Funds and Public Service Employer Payments					
2008–09 Financial Resources ($ thousands)			**2008–09 Human Resources (FTEs)**		
Planned Spending	**Total Authorities**	**Actual Spending**	**Planned**	**Actual**	**Difference**
1,861,021	2,643,588	1,754,566	–	–	–

PA 3 involves the administration of centrally managed government-wide funds by the Secretariat on behalf of other departments. As a result, variances between planned, total, and actual spending are not a reflection on the Secretariat's performance. Performance analysis is therefore not required. For a description of the votes, refer to the Appendix.

Program Activity 4: Internal Services

The Internal Services program activity includes key functions and costs related to supporting the Treasury Board and the internal management of the Secretariat. Human and financial resources associated with PA 4 activities are allocated across the Secretariat's other program activities in accordance with MRRS reporting guidelines.

Performance Analysis

This section outlines progress against PA 4 commitments made in the 2008–09 RPP to implement corporate strategies and improve internal management in response to MAF assessments. It covers human resources management, the Change Agenda, and management performance.

Successful Implementation of Commitments

The Auditor General of Canada and the Commissioner of the Environment and Sustainable Development make a series of recommendations to departments and agencies to address the findings of completed audits. Commitments are then tracked through an annual monitoring exercise. Information is used by the Auditor General to assess government progress and to inform planning for future audits.

The Secretariat welcomes this exercise and is proud of its progress on implementing recommendations related to the Secretariat. In 2008–09, the Secretariat substantially or fully implemented 50 out of 58 (86 per cent) Auditor General recommendations—an increase from 50 per cent in 2007 and from 70 per cent in 2008. Success in implementing these recommendations demonstrates the Secretariat's commitment to accountability.

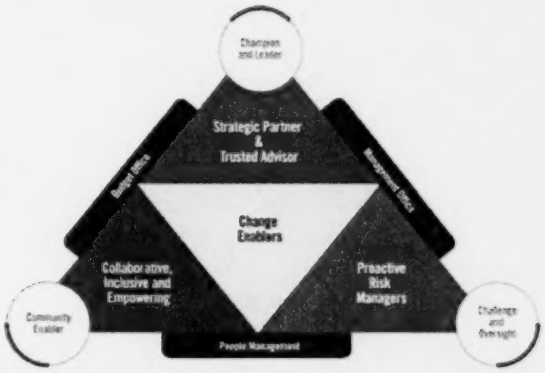
Human resources strategy

The Secretariat continued to implement actions identified in its 2008–11 HR Strategy. It developed sector integrated business and HR plans to address challenges and gaps in its human resources capacity. To reduce time in staffing vacancies, a number of collective staffing processes were conducted to establish pools of pre-qualified candidates for various types of positions. A university recruitment campaign for economists and social scientists resulted in over 30 hires from diverse backgrounds. Competency profiles were developed and are being used to enhance the administrative community.

What is the impact? Efforts resulted in improved HR management within the Secretariat and increased its capacity to meet business priorities. Actions taken in recruitment and integrated planning also contributed to Public Service Renewal priorities.

Change Agenda

The Secretariat continues to advance organizational change to strengthen strategic leadership, collaboration, and risk management. The work plan addresses three areas: engaging employees, building capacity, and embedding change into processes. In 2008–09, the Secretariat focussed on employee engagement.



An assessment of the current organizational culture was undertaken to improve understanding and identify key issues. All employees were engaged in discussion of the assessment results, and each sector developed action plans for change. Evidence of change can now be seen across the Secretariat. Some sectors have developed grassroots networks to empower employees in the change process. Other sectors have created charters that define how they will work constructively with external and internal partners. These efforts resulted in the Secretariat being recognized for its leading practices.

What is the impact? Commitment to organizational change was demonstrated in how the Secretariat works with its clients and in how staff work with each other. These actions enable the Secretariat to fulfill its mandate and advance the renewal of the public service.

Advancing a Change Culture at the Secretariat

In April 2008, senior management at the Secretariat engaged staff in assessing the current organizational culture. Results provided a baseline for measuring progress in advancing change. Employees at all levels now feel empowered to acknowledge, discuss, and address longstanding cultural and behavioural issues. As a result, activities specifically aimed at shifting culture, such as soft skills training, alignment of HR processes, and development of a Secretariat vision, have been incorporated into the Change Agenda work plan. This will strengthen leadership, collaboration, and risk management at the Secretariat and improve internal management.

Creation of the Corporate Services Sector

On February 1, 2009, an Order in Council came into effect creating a Corporate Services Sector within the Secretariat, and 425 employees were transferred from the Department of Finance Canada to the Secretariat. As a result, the Secretariat now has a dedicated unit to look after key

strategy and stewardship functions and continues to provide other shared services with Finance. A team has been created to assist staff with the reorganization and ensure a smooth transition. The new sector will strengthen the Secretariat's capacity to provide high-quality internal services in a comprehensive and accountable manner.

What is the impact? The reorganization better supports the Secretary of the Treasury Board in fulfilling the role of departmental accounting officer. It also enhances the Secretariat's ability to comply with legislation, policy, and best practices for delivering corporate services.

Strengthening the Secretariat's governance and corporate management performance

The Secretariat's overall management processes were strengthened, with particular attention given to internal evaluation and information technology management. To strengthen internal information management and information technology management (IM/IT), responsibilities and accountabilities were centralized through the creation of a departmental chief information officer function. A senior management committee was established to ensure strong oversight. Improved results in these and other areas resulted in the Secretariat successfully meeting the commitments outlined in its 2008–09 RPP.

What is the impact? The Secretariat established clear and effective governance and management of IM/IT to support its business strategy and to ensure value-for-money for Canadians. This is one example of how the Secretariat has improved its internal management practices.

Lessons Learned: Management Accountability Framework Assessment

Following disappointing results in MAF Round V, the Secretariat undertook a thorough review of its management practices. Key lessons learned were identified:

- Other departments were "raising the bar" faster than anticipated;
- Management practices required attention to detail in design and implementation;
- Strategic investments in key areas were needed; and
- Senior management engagement across the Secretariat was essential.

The Secretariat mounted an aggressive action plan based on these lessons to significantly improve its overall management performance. As a result, the Secretariat was one of the most improved departments across government in its overall management performance, with 4 "strong" and 16 "acceptable" ratings in MAF Round VI. These results help to advance efficient and effective government management.

Summary

Under PA 4, the Secretariat worked diligently throughout 2008–09 to address the priorities of the Public Service Renewal Action Plan, implement the Change Agenda, and apply policy changes

to improve internal management. A notable highlight this year was the development of the first-ever Integrated Business and Human Resources Plan for 2009–10. However, completion of the plan was delayed due to organizational changes. The Secretariat improved its planning processes by building on past experience, which included overall coordination, sharing best practices, and using timelines and data collection tools. In addition, the Secretariat has implemented the use of learning plans throughout the organization. Managers must review performance and career development goals with their staff on an ongoing basis. Over 90 per cent of employees have personal learning plans—a significant increase over 62 per cent last year. Overall progress in PA 4 has strengthened the Secretariat's internal management practices.

Benefits to Canadians

Efficient and effective internal services are essential to meet the management and financial performance expectations that have been set for the Secretariat and all departments in the federal government. By advancing integrated business planning and implementing HR initiatives, the Secretariat is contributing to the ongoing renewal of the public service.

Section III: Supplementary Information

Financial highlights

The financial highlights presented in this section are drawn from the Secretariat's financial statements.[22] The financial statements are prepared in accordance with Treasury Board accounting policies, which are consistent with generally accepted accounting principles for the Canadian public sector.

The Secretariat's assets are mainly comprised of accounts receivables from other government departments, whereas its liabilities are mostly accounts payables to other government departments and public service insurance payments. The expenses include approximately $1.7 billion for government-wide programs such as the Public Service Health Care Plan, the Public Service Dental Care Plan, and other insurance and pension programs. Total revenues consist mainly of parking revenues.

($ thousands)

Condensed Statement of Financial Position At March 31, 2009	Per Cent Change	2009	2008
Total assets	111.4%	**243,175**	**115,020**
Total liabilities	0.7%	474,649	471,285
Total equity	-35%	(231,474)	(356,265)
Total	111.4%	**243,175**	**115,020**

The increase of $128.1 million under Total assets is mainly attributable to receivables from federal government departments. The increase of $3.4 million under Total liabilities is mainly attributable to an increase in employee severance benefits.

22. http://www.tbs-sct.gc.ca/dpr-rmr/2008-2009/index-eng.asp

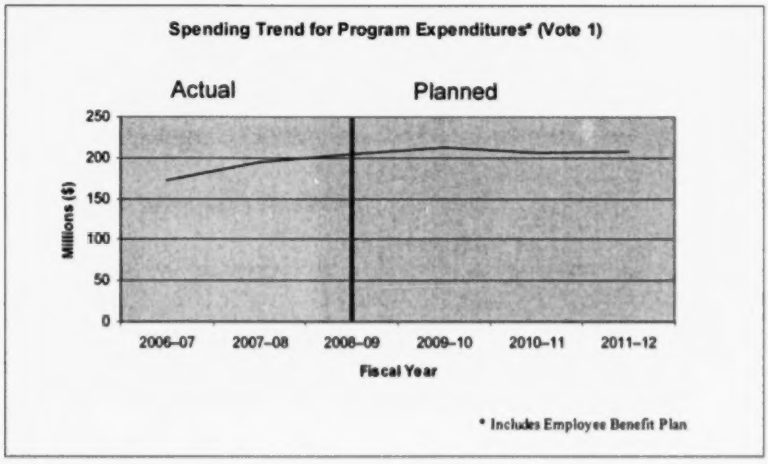
($ thousands)

Condensed Statement of Financial Position At March 31, 2009	Per Cent Change	2009	2008
Total expenses	5.6%	**1,971,599**	**1, 867,402**
Total revenues	5%	**15,753**	**15,004**
Net cost of operations	5.6%	**1,955,846**	**1, 852,398**

The increase of $104.5 million under Total expenses is mainly attributable to an increase in centrally managed funds related to the following: employer's share of health, disability, and life insurance premiums; provincial payroll taxes and pension, benefit, and insurance plans for employees engaged locally outside Canada; and an increase in departmental salaries and employee benefits. The increase of $0.8 million under Total revenues is mainly attributable to the recovery of pension administration costs.

Trend analysis

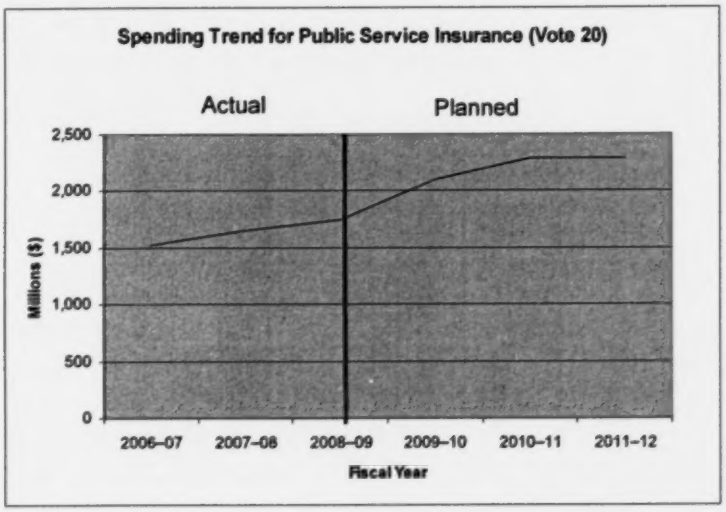
The Secretariat's actual program spending in PA 1, 2, and 4 increased over the last three years for the following reasons: the reconstitution of the OCG, the enhancement of the Chief Information Officer Branch, the establishment of a sector to oversee services, transfers to the Secretariat of programs from other departments (e.g., Regulatory Affairs and Regional Communications from the Privy Council Office), and increases in collective agreement rates of pay to the Secretariat's employees. Dedicated funding for new programs such as the implementation of the FedAA and the new *Policy on Internal Audit* also contributed to an increase in spending.



Expenditures in public service insurance include the payment of the employer's share of insurance plans, unemployment insurance, and other related expenses.

Public service employer payments have increased because of growth in the government-wide wage envelope as well as increases in medical costs. This has resulted in an increase in actual spending.

Actual spending will likely fall below planned spending because the planned figure represents the maximum cost that benefit plans could incur.



Other items of interest

Appendix: Other Accomplishments Aligned to Program Activities

The Appendix is available on the Secretariat's website.[23]

List of supplementary information tables

The following tables as well as the financial statements are available on the Secretariat's website.[24]

Table 1: Sources of Respendable and Non-respendable Revenue
Table 2-A: User Fees
Table 2-B: External Fees 2008–09
Table 3: Sustainable Development Strategy
Table 4: Green Procurement
Table 5: Response to the Auditor General of Canada's Recommendations
Table 6: Response to Parliamentary Committees
Table 7: Internal Audits
Table 8: Internal Evaluations
Treasury Board of Canada Secretariat Financial Statements (Unaudited)

23. http://www.tbs-sct.gc.ca/dpr-rmr/2008-2009/index-eng.asp
24. http://www.tbs-sct.gc.ca/dpr-rmr/2008-2009/index-eng.asp